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SUBJECT: FRANCE STILL DUBIOUS ABOUT POSITIVE DDA OUTCOME

REF: (A) 2007 State 15811

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¶1. (SBU) Paris AGR and ECON officials transmitted the reftel talking points to Philippe Duclaud, Foreign Affairs Adviser to the French Minister of Agriculture, Christian Ligeard, the Head of the International Affairs Office at the Ministry of Agriculture and Raphael Alomar, Agricultural Adviser to the French President.

¶2. (SBU) Christian Ligeard stated that France welcomes the restart of the discussion but maintains its position that the EU should not move beyond its 2005 Hong Kong proposal, especially in the absence of substantive proposals from both the United States and the G20 group of developing countries. Lowering tariff rates beyond the 39 percent proposal plus adding TRQs for sensitive products would necessitate a further reform of the Common Agricultural Policy, which France opposes. In addition, Philippe Duclaud said that France fears that the EU Commission would never implement safeguard clauses should imports rise excessively, counter to the U.S. approach. On a more positive note, Christian Ligeard said that France agreed with the U.S. proposal that tariff decreases be based on applied tariffs as decreases on bound tariff would be - quote - fictitious - end quote -.

¶3. (SBU) According to Presidential Adviser Raphael Alomar, the key agricultural issues France would like to see addressed by EU trading partners in compensation for the abolition of export subsidies are geographic indications (GI), state trading enterprises, food aid and export credits in addition to domestic subsidies. Alomar specifically mentioned that in France's views, the recent USDA farm bill proposal was very disappointing in terms of reducing domestic support.

¶4. (SBU) Alomar also repeated that currently, none of the proposals on offer, especially on NAMA and services from major developing countries, would justify new EU concessions. Ligeard specifically criticized India's -quote - stubbornness - end quote - on investment

rules and opening of its agricultural market but praised Brazil's recent openness on services.

5.(SBU) Both interlocutors said that the current GOF will maintain its hard-line with Commissioner Mandelson, reminding him to stay within the parameters of his negotiating mandate. President Chirac recently wrote a letter reiterating his opposition to any further EU concessions to German Chancellor Merkel. Both interlocutors do not expect any significant change after the May 2007 Presidential election as both rightwing candidate Nicolas Sarkozy and leftwing candidate Segolene Royal have publicly supported regulation of free trade and expressed opposition to any agreement that would disadvantage France. France also believes it has a blocking minority (if not a majority) at the EU Council to derail any agreement which it opposes.

¶6. (SBU) The overall impression from our interlocutors is that France is not willing to conclude the DDA soon. Ligeard said that several economists have estimated the global growth gain from DDA at less than 0.5 percent and that the EU and France have a lot to lose and little to gain from an agreement. Alomar estimated that French job losses from the opening of agricultural markets could exceed 100,000, threatening France's "sovereign right to food self-sufficiency". In his views, the only winners would be Brazil, Cairns group countries, and to a much lesser extent, the United States. Less developed countries (Africa) would be the biggest losers as they already benefit from extensive market access in the EU, market access they would loose to Brazil or Argentina should tariffs decrease. Finally, neither Alomar nor Duclaud foresee an agreement being reached in 2007. They would rather envision a 2009 or 2010 conclusion, though Alomar did say that if the elements of a deal came together this year, it would likely be in the September-December time-frame.

¶7. (SBU) Surprisingly, French interlocutors seemed to believe that the DDA difficulties reflected the failure of what they see as an

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excessively large multilateral round. According to Ligeard, too many countries with too many diverging interests will never agree. He concluded that France would not be opposed to multilateral agreements among large groups of countries with similar interests and similar levels of development.

Stapleton